



International Agricultural Trade Report

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U.S. Greenhouse Tomato Industry Alleges Unfair Competition, Files Antidumping Action Against Rising Imports from Canada

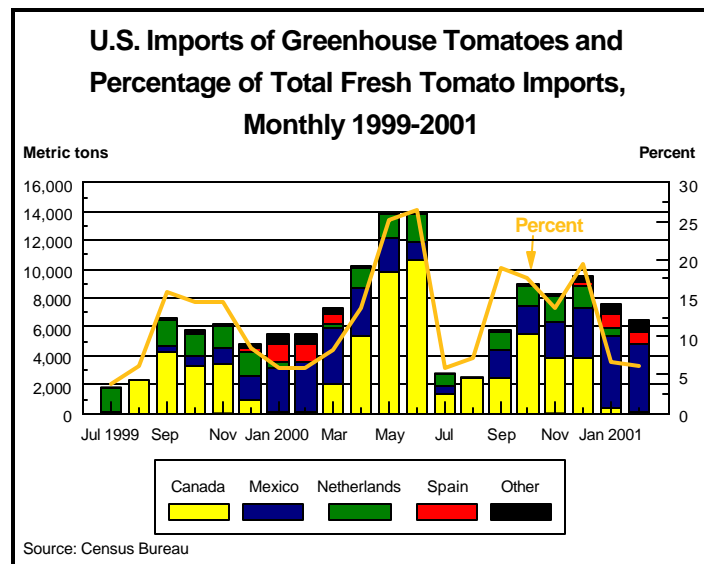
Summary

U.S. imports of fresh tomatoes from Canada have grown from 22,000 tons valued \$37 million in calendar year 1996 to 101,390 tons valued at \$161 million in 2000. In recent years, the continuous rise in Canadian exports of greenhouse tomatoes to the United States, mainly during the months of April to June, a peak season for U.S. producers, led U.S. greenhouse (GH) producers to file an anti-dumping petition with the United States International Trade Commission (ITC) and Department of Commerce against imports of greenhouse tomatoes from Canada. The petition alleged that greenhouse tomatoes are being sold in the United States at less than fair value, and are materially injuring or threatening to injure U.S. GH producers. On May 10, the ITC ruled unanimously that there is a reasonable indication that a U.S. industry is materially injured by reason of imports of GH tomatoes from Canada that are allegedly sold at less than fair value. As a result of the determination, the Commerce Department will continue to conduct its investigation on the issue of dumping margins, with its preliminary determination due on or around September 4, 2001.

Canada/United States Greenhouse Tomato Production and Trade Situation

Canadian Greenhouse Tomato Industry

Production of GH tomatoes in Canada expanded rapidly throughout the 1990s reflecting large, private capital outlays and increased demand for fresh tomatoes by North American customers. However, energy is now the primary component of the costs of producing GH tomatoes in Canada, making profitability of investment uncertain. The majority of Canada's GH tomato production is located in the provinces of Ontario (68 percent), British Columbia (23 percent), and Quebec (8 percent). Canada's GH tomato industry is well developed, with production growing from 32,900 tons in 1994 to 158,000 tons in 1999. Currently, about half of Canada's GH tomato production is exported to the United States. Because of cold weather, limited sunlight, and high energy costs during the winter months, shipments of Canadian GH tomatoes to the United States begin around March, peak in May or June and end around December.



In anticipation of this action, Canadian producers issued a press release on February 12, labeling the U.S. industry's dumping allegations as "completely without merit." Canadian industry representatives have since suggested on several occasions that it is the U.S. industry that is dumping field grown tomatoes in Canada; however, no action has been taken to date to initiate a formal investigation into this allegation.

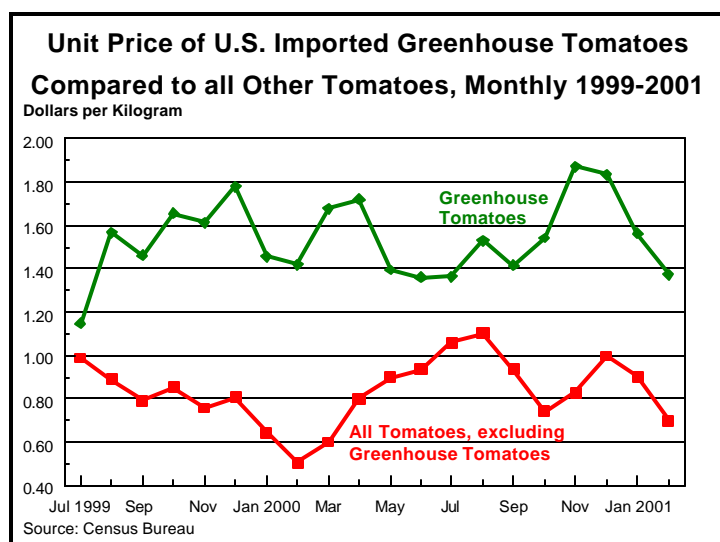
Increasing Imports of Canadian GH Tomatoes Trigger U.S. Anti-dumping Action

On March 28, EuroFresh, Sunblest Management, HydroAge, Village Farms, Sunblest Farms, and Carolina Hydroponic Growers, filed an anti-dumping petition against Canada, alleging that imports of GH tomatoes are being sold in the United States at less than fair value, and are materially injuring or threatening to injure U.S. GH tomato producers. GH tomatoes exports from Canada continue to account for a rapidly increasing share of the U.S. fresh tomato market. A strong U.S. dollar vis-a-vis the Canadian dollar has been a contributing factor for the growth of GH tomatoes from Canada over the past 12 months. In 2000, GH tomato imports from Canada accounted for 48 percent of all types of fresh tomatoes imported, and 51 percent of total GH types.

U.S. Greenhouse Tomato Industry

According to the Economic Research Service (ERS), U.S. production of GH tomatoes in CY 2001 is estimated at 159,000 tons (350 million pounds), unchanged from the estimated level in CY 2000, and up 10 percent from 1999. Area under glass for this production volume is estimated at 324 hectares (800 acres). The leading GH tomato-producing states are California, Arizona, Colorado, Minnesota, New York, Pennsylvania, New Mexico, Nevada, Texas and Virginia. Almost all U.S. GH hydroponic tomatoes produced are sold at the retail level.

Compared with fresh-market field grown tomatoes, GH hydroponic tomatoes are sold at higher prices in the marketplace, because consumer are willing to pay a premium for the product, due to perceptions of improved taste, color, size and presentation (fruit on-the-vine). But as U.S. production and import volumes (mainly from Canada) increase, prices of greenhouse tomatoes are likely to drop. GH tomatoes are still a small part of the U.S. fresh tomato market. The wholesale price of GH tomatoes is generally two to three times more than the price of field-grown tomatoes.



On the export side, Canada is the top market for total U.S. fresh tomatoes, accounting for 75 percent of the total value in 2000, down 9 percentage points from 1999. Florida, California, Arizona, Virginia and Texas are the leading states in exports of fresh tomatoes to Canada, accounting for about 90 percent of the total.

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